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C O N F I D E N T I A L LA PAZ 003244

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E.O. 12958: DECL: 11/30/2016  
TAGS: [EAGR](#) [ECON](#) [PGOV](#) [BL](#)  
SUBJECT: LAND REFORM BILL AIMS TO FACILITATE REDISTRIBUTION

REF: A. LA PAZ 3096  
[1](#)B. LA PAZ 3155  
[1](#)C. LA PAZ 3204

Classified By: Ecopol Counselor Andrew Erickson for reason 1.4 (d).

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Summary  
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[1](#)1. (SBU) The senate approved the GOB's land reform bill late on November 28 in a controversial legislative maneuver with just over half of its members present. The bill provides that if property is deemed unproductive through biannual reviews, it will revert to the state. It also centralized the National Agrarian Reform Institute (INRA) and strengthened the role of the agriculture ministry in the titling and reversion process. INRA reversion decisions can only be disputed before the national agrarian tribunal. A pro-land reform NGO representative characterized the new law as drastic, and lamented that it may not significantly benefit the nation's indigenous population, particularly the landless from the West. Santa Cruz oilseed producers worry that the bill's limitation of legal recourse for land owners and the provision of a public right of denunciation of "unproductive" land could produce legal insecurity and make it difficult for farmers to access credit. End summary.

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Senate Passes Land Reform Bill  
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[1](#)2. (C) The senate approved the GOB's controversial land reform bill (ref A) late on November 28. Fourteen opposition senators out of the total 27 senators had abandoned the senate session one week earlier to protest the bill (ref B), resulting in the lack of a quorum and essentially shutting down the senate. However, two alternate opposition senators (suplentes) from the Podemos and UN parties joined the 12 MAS party senators on the 28th in voting in favor of the bill.

While some political commentators have openly speculated that the two alternates were bribed, such speculation remains unproven. The bill was approved under significant pressure from social groups after thousands of indigenous marchers in favor of land reform reached La Paz on November 28 (ref C). The president's legal adviser told Econoff on November 28 that the government planned to issue five decrees to implement the reforms had the senate not approved the bill. (Comment: The dubious manner in which the bill was approved raises more concerns than the bill itself. End comment.)

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Overview of Reforms  
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13. (SBU) The bill provides, in line with the current law, that if INRA determines that medium and large properties are not fulfilling an "economic and social function", they can be "reverted" to the state. Under the 1996 law, land was deemed to not be fulfilling an economic and social function only if the landowner was not paying taxes. The revised law allows for reversion to the state if the land is not actually being worked. The reform bill states that even after land is titled, it can be reviewed every two years to determine if it is serving an economic and social function. If it is not, it will revert to the state without compensation. Bi-annual reviews can be initiated by INRA itself or based on denunciations by the agrarian and forestry regulators, the park service, the national agrarian commission, or regional agrarian commissions. Small properties that are unproductive and productive medium and large properties can also be "expropriated" with compensation for the "public good" in order to be given to indigenous communities.

14. (SBU) Decisions of the INRA national director can only be disputed before the national agrarian tribunal within thirty days of notification of an INRA resolution. The bill also provides that a national agrarian commission, composed of ministry, social sector, and business representatives, will exercise social control over INRA and the Tribunal to ensure that unproductive properties are reverted to the state. In an effort to prevent corruption, the law prescribes that INRA may not give land to central government or departmental government workers. The MAS and the opposition parties did not agree on the main themes of the reform -- the definition of "economic and social function," the circumstances in which land can be reverted or expropriated, and the structure of the National Agrarian Reform Institute (INRA).

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NGO Concerned that Reforms Won't Solve Problems  
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15. (SBU) Researcher of the NGO Fundacion Tierra (Land Foundation) Gonzalo Colque told Econoff on November 30 that the bill that was passed by the congress was the most drastic of the GOB proposals that the government was negotiating with social and business organizations. In the end, he said, the government did not reach consensus, but imposed its most radical proposal. He argued that the intention of the law is good and that reforms were needed because the 1996 law did not encourage productivity. Because land was only reverted if the owner did not pay taxes, and taxes had been lowered to around USD 0.40 per hectare, land-owners had no incentive to use their land productively. However, some of the modifications are vague, and thus, may put legitimate land owner rights in danger, he said. The new law offers land owners limited legal recourse, he added.

16. (SBU) According to Colque, the government does not have the resources to conduct productivity reviews of property every two years, so the law may have limited economic impact in the end. He said that it is unclear how much the nation's indigenous people will benefit, because the law favors original people of the East, who only make up one percent of the country's indigenous population. Expropriated lands can only be given to communities through community title. This

favors original communities in the East who still live in traditional groups. However, the landless indigenous from the West that have migrated to the East will have difficulty obtaining titles.

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Readout from Santa Cruz  
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¶7. (SBU) Advisor of the Santa Cruz Oilseed Producers Association Diego Montenegro told Econoff on November 29 that the law that was passed by the senate was the same as the version passed by the chamber of deputies on November 15. He said that the law's three main elements were the centralization of INRA in La Paz, the strengthening of the agriculture ministry's role in the titling and reversion process, and the facilitation of land reversion to the state.

He said that the law also limited legal recourse of land owners. He argued that the ability of people to denounce lands as unproductive arbitrarily, without sanction for frivolous denunciations, would produce legal insecurity and make it difficult for farmers to access credit. He explained that Santa Cruz already had planned a civic strike for December 1 and that hunger strikes were ongoing to protest MAS maneuvers to control the Constituent Assembly and that the region would probably not take additional measures to specifically protest the INRA reforms. (Note: Many people in Santa Cruz are concerned about the law because they hold large tracts of valuable land that were obtained through

irregular means, such as based on political connections during dictatorial periods. End note.)

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Comment  
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¶8. (C) Although reforms were desperately needed to resolve Bolivia's divisive land issues, the GOB's imposed reforms raise concerns about respect for due process and legitimately-held land rights. The dubious manner in which the law was approved raises even more serious concerns about respect for democracy, although commentators have argued that the process was technically legal. While the law makes it easier for the state to redistribute land and has disgruntled large agricultural producers and cattle ranchers in the eastern regions of Bolivia, we suspect that the law will not have a significant impact on land distribution in practice due to the GOB's limited institutional capacity to implement it. The real danger lies in the GOB's need to prioritize its application against certain estates, farms, and properties. This selective application could be used to target political enemies. End comment.

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